



FOR IMMEDIATE RELEASE

March 20, 2009

MAYOR JERRY SANDERS FACT SHEET

MAYOR PROPOSES MAJOR CHANGES TO CCDC, SEDC OPERATING AGREEMENTS

Recommendations Would Establish Strict Oversight of Organizations

Mayor Jerry Sanders today released his proposal for amendments to the contracts governing the Centre City Development Corp. and the Southeastern Economic Development Corp. The 19 recommendations in the proposal would greatly enhance oversight of the nonprofit corporations, both of which have been damaged by misconduct by their top executives.

“The failure of SEDC and CCDC’s top executives to behave in an ethical manner has damaged these organizations’ credibility and their ability to carry out their important work,” said Sanders. “This proposal is designed to ensure that these executives are directly accountable to the mayor and City Council and that they have strict oversight that will prevent future abuses.”

The mayor’s proposal recommends that both organizations continue to operate as independent corporations but give the mayor hiring and firing authority of each organization’s CEO, subject to City Council approval. The report also recommends that the boards of directors of each organization be expanded to include two new voting members – one appointed by the mayor and one by the City Council.

Other recommendations in the mayor’s proposal include:

- Create candidate-selection committees for each CEO search with one mayoral representative, two City Council members and two members of the corporation. The committee will screen potential candidates and provide at least four candidates to the mayor for selection.

- Adopt purchasing and contracting policies that establish limits for staff-level approval of contracts and provide for timely public disclosure of contracts.
- Grant the city the right to inspect all documents and records – including financial and personnel records – within 10 days of a written request by the city.
- Give the city the right to order an annual performance audit, paid for by the corporation.
- Require corporations to perform annual financial audits and submit them to the city.
- Have corporations follow city administrative budget policies, with administrative budgets first submitted to the city's CFO for review prior to submission to the Redevelopment Agency.
- Give mayor the right to suspend and recommend removal by the City Council of any corporation board members based on any breach of operating agreement.
- Any violation of City policies constitutes breach of the Operating Agreements.
- Have board members undergo training in ethics, fiduciary duties and governance every two years and submit training certificate to city CFO.
- Require board approval of all internal contracts and fiscal policies before submission to the city CFO for approval.
- Require board approval of any line-item transfers of budgeted funds on a monthly basis.
- Require board approval of total compensation to senior officers annually, including salary, benefits and performance pay.
- Develop and have the board approve a Personnel Manual that is updated annually.
- Require board to review and verify financial statements, and require financial certification by the board, CFO and CEO.
- Have CFO present monthly financial statements to the board for review and approval – with CFO explaining any variance from budgeted costs – and submit approved statements to the city CFO.

The mayor's report also recommends that the City Council and the Redevelopment Agency direct SEDC to implement all but one of the changes to policies and procedures recommended by the Macias Consulting Performance Audit. The proposal suggests not implementing Macias' recommendation that SEDC's CFO report to the board, because this conflicts with the more accountable reporting structure in the mayor's proposal.

The recommendation, put forth in a report to the Audit Committee released today, will be discussed at the committee's meeting on Monday, March 23.

"No single individual's ethical breach can undo the good work that's already been done by CCDC and SEDC," Sanders said. "This proposal recognizes these organizations' past success in working to develop vibrant communities from blighted areas and their enormous potential to do more of the same in the future."

The full report to the Audit Committee is available online at:

www.sandiego.gov/mayor/news/index.shtml

#